Summary of Remarks:
Roundtable discussion on organization and scope of the nation's nuclear waste management entity

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Blue Ribbon Commission on America's Nuclear Future
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As the Commission examines governance options for the back end of the nuclear fuel cycle, lessons learned during USEC's privatization may provide useful context.

I. USEC Path to Privatization

- USEC Inc. is an investor-owned company listed on the NYSE and is one of four leading global producers of enriched uranium. The Company was once a part of the U.S. Department of Energy, but it underwent phased privatization in 1990's.
- DOE's Uranium Enrichment Enterprise controlled U.S. uranium enrichment before 1993. DOE UE went from a monopoly in the 1960's to a diminished market share due to increased competition from foreign competitors and DOE's failure to deploy advanced, cost-competitive technology.
- The Energy Policy Act of 1992 legislated the privatization of DOE's enrichment enterprise. It established a government corporation in July 1993 and required a plan for privatization by July 1995.
- The 1996 USEC Privatization Act was passed to implement this privatization plan. It codified asset transfers, employee transition, technology transfer, and future liabilities and responsibilities for the government and the new entity. President Clinton initiated the privatization plan in April 1997
- USEC's board explored two paths to privatization: IPO and M&A. After weighing both options, it settled on the IPO in June 1998 as best means for realizing value of enterprise for U.S. government. USEC Inc. began trading as investor-owned company in July 1998.

II. Key Considerations for the Setup and Operation of a Government Corporation:

- The enacting legislation must be thorough enough to provide the corporation with legal standing to perform its business, establish a strong and independent corporate governance structure, and provide it with means (financial, personnel, regulatory) to be an effective business.
- The transfer of assets and a clear definition of the value of those assets is necessary to support the organization's future viability.
- The government must transfer existing contracts (ie customer, power, services, etc.) on favorable enough terms to support business operations.
- The role of the U.S. Treasury in the management of the corporation's assets, cash and returns to the government must be defined.
- There must be a clear delineation of liabilities between the government and the new corporation.
- A clear regulatory oversight path for immediate term and long term must be established.

III. Full Scale Privatization Issues to Consider:

- The full-scale privatization of the organization raises a whole host of other issues: who has the proper authority to initiate it, what is the best pathway, what is a realistic timeline, what method will impart the most value and create a viable entity, what are the statutory requirements that need to be legislated in its creation?
- Most importantly, is there the political will to make it happen and is it good policy?

IV. Moving from an Agency to a Quasi or Completely Private Enterprise Is Radical a Change

- The new entity needs a strong mix of experienced managers from private and government sectors.
- There must be a viable cost structure that will support its operations.
- While this entity may not face direct competition, it will face competitive challenges requiring a strategic plan to ensure safety, fuel management solutions that customers will purchase, and diverse stakeholder acceptance.

V. Conclusion

- The Commission is right to consider all governance options for the back end of the fuel cycle.
- The private sector requires significantly different cost structures, management skills and competitive analysis compared to a government-operated environment.
- USEC has faced more than its fair share of challenges, but it is proof that government responsibilities can be successfully transitioned to quasi-government or private status and succeed in the complex nuclear power environment when done properly.